DEPARTMENT OF STATE A/CDC/R
REVIEWED BY [illegible] DATE 7/6/82
RDS☐or XDS☐EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASE☐
RELEASE DENIED☐
PA OF EXEMPTIONS

FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

SECURITY: CONFIDENTIAL PRIORITY: AIR POUCH

TO: Department of State

FROM: AMCONSUL Lagos, Nigeria 458 January 17, 1951

REF:

SUBJECT: COMMENTS OF FINANCIAL SECRETARY ON ECONOMIC SITUATION IN NIGERIA

845h.00/1-1751
XR 800.05145h

2
For Dept. use only.

RECEIVED FEB 6 1951 MESSAGE CENTER
TAR AE FEB
XMB BU NEA
7 c PM 12 23

INFO FR DGR EUR OLI E IE UNA USUN COM ECA FRB

An officer of the Consulate General recently had occasion to discuss at some length the economic situation in Nigeria with the Financial Secretary of the Nigerian Government, Mr. E. Himsworth. The Financial Secretary probably possesses greater overall knowledge of the economics of this country than any other official of the Government.

Mr. Himsworth is now in the process of compiling his annual budgetary speech for delivery to the Legislative Council and discussed several pertinent features of the new budget. Exclusive of Colonial Development and Welfare grants the new budget will total about £29,000,000, an increase of about £4,000,000 over the 1950-1951 estimates. However, in view of wage and price increases during the past year this sum will not permit any perceptible increase in Government activities. It is expected that the budget for 1951-1952 will be balanced but there will be no such surplus as is expected for the present fiscal year which is estimated to be about £1,000,000.

Mr. Himsworth does not anticipate any sizeable increase in revenue during the coming year. Import and export duties comprise the major source of revenue in Nigeria and while income from export duties is expected to rise, the world supply situation leads the Financial Secretary to believe that the volume of imports will fall and that rising prices will cause consumer resistance further reducing imports.

It is felt that any future increase in revenue must depend on an increase in the national income. It is a source of deep concern to the Government that the volume of exports in terms of quantity remains stationary and for most export crops record production years are prewar. It is imperative, therefore, that the volume of production of present exports be expanded and that new export crops be developed. The increase of production, however, involves the necessity of supplementing the present transport system if produce is to be evacuated.

The various marketing boards have now amassed reserves of upwards of £50,000,000 and it is planned to expend considerable sums of this in the future through the three Regional Production Development Boards*. The present Ten Year Plan instituted in 1946 has not been successful and is now being revised. Many feel that the original plan should be scrapped but for political reasons this was not deemed feasible. Under this plan the public debt is to be increased from the present figure of £17,000,000 to £33,000,000 which is considered the maximum safe figure. The Government is trying to impress upon the country the value of a sound public credit in anticipation of the day when self-government will be introduced.

EDCrowley/jdc

845H.00/1-1751

FEB 16 1951

CONFIDENTIAL

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

DECLASSIFIED

Mr. Himsworth personally feels the necessity of importing foreign capital. He intends to stress in his budget message the necessity for Nigerians to rid themselves of prejudices against the White race if they wish the continued cooperation of foreign capital. Next year he plans to point out that foreign capital cannot be attracted unless there are stable political conditions. An ordinance is under consideration which would allow special tax free privileges for a period of years to foreign firms investing capital in Nigeria.

Willard Quincy Stanton
American Consul General

*These boards are made up of a Nigerian majority to avoid the accusation of outside interference. For the present they are expected to be the major sources of investment capital in the country.

DECLASSIFIED